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**Testimony in of Support SB 925 An Act Concerning The Cost Of Prescription Drugs And
Value-Based Insurance Design
Insurance and Real Estate Committee
March 7, 2017**

Senators Kelly and Larson, Representative Scanlon and members of the Insurance and Real Estate Committee, on behalf of the physicians and physician-in-training members of Connecticut State Medical Society (CSMS) and the organizations listed above, thank you for the opportunity to testify in support of **SB 925 An Act Concerning The Cost Of Prescription Drugs And Value-Based Insurance Design**. CSMS supports this legislation.

Pharmaceutical spending in the United States has been growing at an unprecedented rate. Annual increases in double digit percentage points have become the unfortunate norm. No medication from brand-name to generic drugs has been immune to dramatic increases, yet drug companies report record profits. Where is the money going? What is the justification for price increases that vastly outpace inflation or any imaginable increased costs for production and development, especially in the case of generics where there are no costs for research, development or even advertising?

We are all aware of those medications grabbing national headlines such as Daraprim which experienced a 4,000% price increase or EpiPens priced out of reach of many with life threatening allergies, however, many other common, everyday medications that have been used for decades such as many antibiotics, insulin, asthma and acne medications that have not garnered the same attention, but have forced many patients to make difficult decisions regarding their ability to purchase these medications. This has led to a significant increase in non-adherence to drug regimens that is impacting the quality of care of all patients by virtually every prescribing provider of health care.

Although efforts must be made at the Federal level as well to address this issue, Connecticut can and should take steps to enact legislation to bring transparency to drug pricing and prohibit unwarranted increases of prescription drugs. SB 925 attempts to do just that. Important provisions of SB 925 that should be supported are:

- Requiring health insurance policies to be established on a value-based design. However, we must be certain that “value” does not simply mean the least costly service. Rather, it should be based on the most effective for the patient
- Ensuring that co-payments and deductibles are based on the net cost of the drug. This will prevent situations in which established costs to the patient are greater than the cost of the medication, thereby simply adding to the profits of the insurer
- Require insurers to directly reimburse physicians for the cost to purchase, administer, store and handle prescriptions drugs for their patients. It further prevents such reimbursements to be based on a fixed percentage of the cost of the drug. This inclusion

is particularly important to such specialists as oncologists who often must purchase, store, handle and administer high cost medications to cancer patients.

- Require annual notification to the Insurance Commissioner of drugs for which the price has increased dramatically.
- Establish a task force to study value-based pricing for prescription drugs.

We believe that SB 925 is a good first step on the path for Connecticut to seek ways in which we at home can address a national crisis.

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